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## THE SPANISH MANAGEMENT STYLE: AN EXPLORATORY COMPARISON WITH THE FRENCH MANAGERS

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### Abstract

The formation of the European Common Market (ECM) has generated the tendency to consider business with a global perspective more than just a national interest. This tendency recognizes the necessity of understanding the characteristics of the managerial models of the different countries that compose the ECM. The national peculiarities will be reflected in their organizational management methods as well as in their ways of negotiating and competing. In this article we attempt to elaborate a profile of the Spanish executive: his entrepreneurial economic environment, his professional training, and the characteristics of the management system that he has developed in order to be adapted to this environment. In our exploratory research we have included Spain and France, along with Germany and England in order to place an international comparison of the first two.

### Key Words:

Managerial models, international competitiveness, international comparison

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## INTRODUCTION

The formation of the European Common Market (ECM) has generated the tendency to consider business with a global perspective more than just a national interest. This tendency recognizes the necessity of understanding the characteristics of the managerial models of the different countries that compose the ECM. The national peculiarities will be reflected in their organizational management methods as well as in their ways of negotiating and competing.

The underlying rationale of this article is that a historical-contingency perspective should be used for a better understanding of national particularities of managerial styles. The paradigm of the historicity informs us that the current operation of the firms is the result of a historical accumulation of knowledge, values, technologies and resources (Towers, 1987). Also, this accumulation is manifested in cognitive structures which make organizational change difficult in the short term.

Within this paradigm, it is also assumed that the strategies of the firms depend on the available socio-technical resources in their environment (education, legal regulations, market, communications technology, etc) (Stinchcombe 1965). Thus, these strategies, as well as the performance of the managers, are the result of a dynamic fit to the current competitive environment. The fit is also influenced by the history of the society in which these firms are developed.

The present article tries to understand current Spanish management styles, in a country where past influences are still expressed in the strategies developed to face the challenges that enter the new Spanish competitive environment. For this objective, we will dedicate the first part to the characteristics of the Spanish firms: the private and public economic environments, the size of the firms, the structure and system models of value as well as the problems of competitiveness.

The second part will be dedicated more specifically to the current Spanish managers, focusing on their training and their manner of recruitment. The third part will be concerned with the elaboration of the strategy of the Spanish firms, according to their size, their internationalization or their definition of innovation. In the last part, comparison with other countries, particularly France, will try to place Spain's types of management along with global context.

## 1 THE PRINCIPAL CHARACTERISTICS OF THE SPANISH FIRMS

### 1.1 The entrepreneurial economic environment

The economic environment in which a Spanish manager operates comes from passing through a crisis stage initiated in 1992, whose origin was the crisis of the industrial sector.

In general terms and as a summary of the current economic situation, we can indicate that in spite of the strong deterioration of the political environment during the two last years, current indicators show improvement in the economy.

In spite of the decrease in the agricultural and fishing sectors that was shown in 1994 (-3.5 %), in 1995 Spain's growth is slightly above 3%. The employment and investments are continuously improving and the unemployment rate continues to decrease. September 1995's inflation rate of 4.3% permits us to predict that the year will end with an inflation rate of 4 or 4.5 %. Although greater economic growth has brought a deterioration in the trade balance because of the increase in imports, it has been compensated with the net profits of service balances, income balances and transfer balances (Solchaga, 1995).

However, in spite of the fact that these indicators demonstrate that this year will end with better results than 1994, the general impression of the Spanish executives is that the crisis still has not been surpassed completely (Negocios, 1995).

#### **1.1.1.Characteristics of the public sector**

In this environment it is important to consider the role of the firms of the public sector. This sector is characterized by its high level of diversification, with serious structural weaknesses and deficient control systems. As a result of these characteristics, the public industrial firm encounters elevated sales and finance costs in comparison with private firms. Likewise, in all of the public groups the total net profit is negative.

The absence of continuity and coherence in the successive government policies has provoked a great heterogeneity in the industrial structure of the Spanish public sector. Within this sector exist financial firms (group Argentaria), electrical firms (ENDESA), commercial firms (Artespaña), strategic firms (REPSOL), crisis firms (Astilleros Españoles), transportation firms (IBERIA, RENFE ), as well as leisure firms, insurance firms, construction firms, highway firms, etc.

The authorities are aware that the public firms have remained without any reasons justifying their existence, given that the domestic market has been expanded to the European Union and that the Commission is in charge of guarantying loyal competition between the firms.

Therefore, a privatization process motivated by technical requirements was initiated in Spain as of 1986, which decreased the existence of this type of firms from 12 % in 1985 to 9% in 1991 to 7% in 1993. As a final result, in comparison with Germany, France, and Italy, Spain is one of the countries which provides less governmental assistance to its public firms (Bueno and Morcillo, 1994).

### 1.1.2 The size of firms

With respect to size, the small-sized firm prevails in Spain. According to the National Institute of Statistics, a total of 1,500,000 firms exist. As we can observe in following table, the very small firm dominates in commerce. In the large firm, the percentage of industrial firms is very superior to that of the large commerces, although they both represent only 0.5% of the total. Competitively, the Spanish SME are found in inferiority compared to the large firms because they have difficulty in obtaining credit in the medium and long run, which, as a result, limits them to less profitability than the European SME. They are also less competitive because the cost of raw materials is high, because they have limited investments in ID, and also because of the fact that they are less automated than the large firms. However, one of their advantages is flexibility and adjustment capability, especially in the textile sector.

In Spain, the SME (firms with less than 500 employees) represent 99.5% of the total of firms (see table 1). Spain finds itself below the European average with respect to the average size of the firms. The richest countries have firms of greater size, as shown in Belgium, France, Germany and United Kingdom, whose SME are less than 70%. In 1992, Spain was 26 % less than the community average, surpassing only Greece and Portugal.

-----insert Table 1 about here-----

Table 1 **THE SIZE OF SPANISH FIRMS**

## 1.2 The entrepreneurial model structures

### 1.2.1 The general models

In general terms we can speak of two Spanish management models. In appearance, this would correspond to the models of the small and large firms, but that is not totally correct. The principal criterion to differentiate these two very different models, is to face (or not) the international competition, thus defining the "national" and "internationalized" firms. The model "Leaders Without Frontiers" can be used (Gauthey, Ratiu, Rodgers & Xardel, 1988) to try to classify the two types of Spanish firms. This model sets up four "schemes" of firms, each one characterized by some strong trends:

-----insert Table 2 about here-----

Table 2 **THE GENERAL MODELS**

### **1.2.2 The small Spanish firms**

Although formal research does not exist in regards to this topic, according to a panel of management consultants, a strong majority of the public firms belong to the family model. They base their management in social relations and when the number of employees increases, the top management tries to form the behaviors through the management tools using the "direction" model.

They tend to plan for the short run and also seek profits in that same time period. In these firms we cannot only speak of strategies but also reactive tactics to the circumstances of the market or the competition (Peinador, 1995). In these firms, which are the majority in Spain, the specialization of functions is not frequent, therefore the employees are demanded to do a multiplicity of tasks which require a large dose of personal creativity. For example, the eventual quality control teams and I & D work within production and also perform other functions.

The growing complexity of the organizational functions originates the trend to hire people more qualified and multi-functional, who can adjust themselves quickly to the incorporation of new technologies. According to research of the Institute for the Professional Training of the Community of Madrid, 82,3% of Madrid's SME have not engaged in any type of training. Besides, the relative importance that contributes to this concept is very low within the general strategy of the firm (Vesga 1995).

### **1.2.3 The "internationalized" firms**

In the "internationalized" firms, a trend, which is every day stronger and stronger is noted for nearing themselves to the "management" model, which is the influence of the young executives who are recently trained professionally in Spanish business schools and, above all, in foreign business schools.

In these firms, formal directions are normally received from the central headquarters to develop the administration and control systems, but this does not hinder that the traditional vertical management system from being used. Thus, although most of Spanish executives remark that they know how to transmit the spirit of their decisions to the firm, in practice it is shown that it is not certain: generally only they are concerned with the material results (Asenjo, 1995).

### **1.2.4 Comparison with the French firms**

Comparatively, the French firms are split into three groups that are defined by the size and the technological sophistication level. In the first place, few very small firms, that belong to the "family" model exist. Then, it is the immense majority of SME and practically all of the firms of the important public sector, those which continue the "direction" model. Finally, the large firms that for the most part have a developed

international activity and strongly resemble the "management" model, in spite of the fact that the characteristics of the French culture still constitute an important breakthrough (in particular in the "facts/concepts" area and "pragmatism/hierarchy").

### 1.3 The competitiveness problems

The lack of competitiveness in the Spanish firms is also because of its labor costs. A comparative analysis of two years ago shows that Spanish labor costs were very high and made competition with other European enterprises very difficult. Currently, with the successive devaluation of the Spanish peseta and the decrease of interest rates, competitiveness has improved in that aspect. However this problem will not be easy to solve in the short run because of the strong role of labor unions in legislation.

The laboral regulation is difficult to change because of the great opposition of the unions, in spite of the fact that the executives agree to add that they cannot compete in an open market if the same Spanish rules cannot be adapted to the other European countries' legislation. But, at the same time, a survey realized by UPS, in charge of the Europe Business Monitor<sup>(1)</sup> indicates that the Spanish businessmen are the only ones in Europe who show resistance to create part-time work. Recently adopting a different approach to collective bargaining, an attempt has been made to increase a percentage of wages earned with increases in productivity of the firms. This formula is being adopted with time.<sup>(2)</sup>

In relation to the productive characteristics of the firms, on average, their production capacity is weak. The firms have not been concerned of optimizing their facilities, characterized by their obsolescence and excess of personnel. As example we cite a study of the firm Eurosystem S.A. on a sample of 20,000 firms, who found that the computer technology of the firms is still lacking in comparison with the European community level. Besides, the public firms have been accustomed to government help and have lost competitiveness, and continue reporting lesser profits than the private firms. The consequences are sometimes tremendous. "And should we let Iberia go bankrupt? was asked recently by a tenured professor of economic policy at the Universidad Complutense of Madrid (Cabrillo 1995).

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<sup>(1)</sup> Gaceta de los Negocios, Madrid, 95.11.27

<sup>(2)</sup> According to the last report of the Consejo Económico y Social, corresponding to the collective negotiation agreement of 1994, the number of agreements in Spain which incorporate clauses about increases in productivity corresponds to 27% of the total (El País, 1995), particularly in chemical industry firms, metal firms, automobile firms, transportation firms, textile firms and glass firms.

## 2. CHARACTERISTICS OF THE SPANISH EXECUTIVES

### 2.1 What is the professional training of the Spanish executives?

#### 2.1.1 In general terms

In general terms, the professional training is inferior with respect to the European Community average. In the basic training stages, the percentage of students of the Spanish population is one of the highest of the European Union, surpassed only by France and Belgium. However, the government expenditure by pupil in Spain is almost 30% less than that of Italy and 13 % less than that of France. As a consequence, the quality of the education, in those terms, it is lower to the community average (Salvat and Magelada, 1994) .

In advanced training there is also another deficiency. Thirty years ago there was a lack of people with advanced studies. The people with basic university training possessed the most secure jobs in the public or private firms.

Then, faced by the demand of advanced training, the universities had an abundance of students and private schools appeared to offer studies in management. Thus, during a long period of time the training of executives were in the hands of postgraduate universities, which for the most part were not very rigorous in the academic training of its professors, assuming that it was only sufficient these had some experience in management. In order to avoid the diminishing of the purpose and quality of the education of these business schools, the Spanish Association of Schools of Business Administration (AEDE) was recently formed in 1989.

At the same time of this increase of private business schools, the public universities also began to offer training programs in management, but with more theoretical perspectives than practical perspectives. Actually, a large number of master programs exist (in 1994 we calculated 868), half of these belonging to public entities, but most of these being concentrated only in Madrid and Barcelona (Hernán 1994).

One of the problems generated by this system of human resources training for firms is that high skilled technical personnel are in excess, but they lack specialized skills. The cause of this problem is that the universities are reluctant to offer specialized professional training along with the degrees that are available. Also other problematic point is the lack of specialization that the technical training provides <sup>(3)</sup> .

The universities have not known how to interpret that the evolution of the organizations toward more flexible and dynamic structures require a shift in the training of postgraduates. This necessity has been taken advantage of by private schools, which shift the attention of its programs to people with a lesser degree of professional experience compared to that of previous years. These programs are directed to the

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<sup>(3)</sup> When Volkswagen took-over SEAT, they complained about the lack of engineers specialized in the production of cars.



concentration and specialization of knowledge and generally emphasize commercialization and laws, giving less importance to human resources and to production (Molero, 1995).

Recently the role of the university in the entrepreneurial training has been analyzed through an inquiry to 400 top Spanish executives (García and García 1995). The results show that the interviewees recognize that the academic institutions are too weak to train in "decisionmaking" and "leadership" (basic abilities for top executives). They express gratification of the universities training in: integrity, enthusiasm, imagination, good disposition to work diligently, analytical capability and communication skills. Nevertheless, it does not hurt to say that they do not mention anything about business ethics.

It has been recently recognized that the deficiency in the training of management abilities has been translated into a poor entrepreneurial attitude toward risk, something which hinders the competitiveness and innovation of the firm. For this reason, an improvement to the science and technology system is being demanded because the system is currently operating outside of the productive system. The executives agree that an educational policy more guided to know-how (the practical problems resolution) is required rather than one which teaches abstract knowledge.

In Spain, this isolation between the university and the firm has been attempted to be amended legally. An article of the Law of University Reform permits that the university departments offer consulting services to firms. Unfortunately, in spite of granting this authorization five years ago, only a year ago was the first university marketing consulting department formed within a university.

Evidently, the average training of executives is not comparable to the German university system or to the French system of the prestigious schools. This difference is obvious in the leadership of the public firms. For example, in France, the executive posts have been occupied by personnel originating from prestigious schools, and as a consequence, the public powers have increased its competitiveness.

The acknowledgment of this disadvantage explains that if only until a few years ago the Spanish firms were making some efforts in training of its personnel <sup>(4)</sup>, now they prefer to invest more in the process of very purified selection, which privileges the professionals with post graduate training from foreign universities.

### **2.1.2 The sensibility to ethics**

The training of business ethics that the Spanish managers receive has not obtained the same attention as the training in management techniques. The ethical training is promoted mainly by the orders of the religious leaders of the prestigious business

<sup>(4)</sup> The professional training cost is 0.7% of the total sum of the salaries, compared to 2 y 7 % of the competitive industries.

schools in Spain (ESADE, IESE, ICADE, ESIC), and the universities which offer mandatory courses in the Bachelor or Masters are scarce.

It can be affirmed that the education is not organized since the professors specialized in the topic are scarce, and this discipline is taught by law professors, philosophy professors and economic policy professors who have interest in ethics (Ortiz-Ibarz and Echevarra 1995). According to these authors, the programs are very diverse and the orientation of the courses vary according to the specialization of the professor. Thus, it can be affirmed that a particular interest by the businesses ethics in the Spanish universities does not exist.

In Spain, it is fully accepted that the criterion that the ethical behavior of the executives is an individual matter that solely relates to the personal conscience. In the case of the executives, these see the ethical training as a personal behavior guide that it is not necessarily extended to the rest of the firm (Belío 1995). Although recently entrepreneurial behavior codes are appearing that are based on competitive strategies (ecology, quality) more than in strict ethical positions.

In France, ethics is rarely considered as an "education matter" but rather as a key to sensibility necessary within the human training of future executives. For that motive is very difficult to have precise quantitative estimates on the depth of this phenomenon. However, a recent inquiry of Moussé (1995) shows that every day more and more institutions exist that organize courses, seminars, or colloquies on this topic and that a new magazine related to this topic has been recently introduced to the market (*Éthique des affaires*).

### 2.1.3 The absence of an investigation culture

This is the most surprising characteristic and the most regrettable in the context of Spanish business. The Spanish firms are developed in a means in which the industrialization of the economy is dependent of imported technology, as a consequence of their insufficiency to create their own resources. With respect to that point, various Spanish authors affirm that this is a profound cultural characteristic in Spain, in which "pragmatic" businessmen find it easier to purchase the patents than to develop their own.<sup>(5)</sup> As a consequence, the Spanish R&D cost is inferior to the European average, thus the privately owned Spanish firm (just the same as the Italian) is reluctant to invest. This tendency will continue because the government has announced that in 1996 it will reduce public expenditures in R&D, the highest in the socialist era (-6,28%). This measure will particularly affect in an understandable manner, the most represented organisms of science and technology<sup>(6)</sup> (Tena 1995).

<sup>(5)</sup> Equally, it is found that it is easier to photocopy a book than buy it, thus the sense of the rights of the author are still not recognized.

<sup>(6)</sup> Examples: Research and Technological Development: -9,3%; Technical Research: -9,2 %, Scientific Research: -8,6%

## **2.2 How are the Spanish managers selected?**

### **2.2.1 Long ago**

Practice of the "scientific selection" of personnel was already fully extended by the mid 1960's to the large and medium sized firms.

The selection of personnel was one of the first areas of entrepreneurial management in which the use of services of external consulting firms services had begun. While the Spanish firms have been restructuring human resources criteria, the selection activity had been reassumed by the Personnel Department or by the Human Resources Department of the firms.

However this external service to the company continues to be fully used and recently this action has been increased due to the competitiveness of the economic environment. The incorporation of Spain to the European Market, the implantation of multinational firms and the deregulation of certain sectors are factors that have raised the necessity of having experienced executives in the short run.

### **2.2.2 Today**

The hiring of executives also reflects the economic dynamics that pass through the Spanish firms. Looking back at the crisis of 1993 explains the fact that the firms may have changed their selection parameters and prefer a "flexible" hiring. The dominion of the English language (in a country where almost 80% of university students do not read English), the knowledge of a third language (French or German), in addition to multi-functional characteristics, are the customary filters that the firms use to select their future personnel. According to the experts, these requirements are demanded not only because they are necessary for the position, but also to eliminate candidates.

The growing value of experience is also being considered because the firms prefer to hire executives who are between 45 or 50 years old, as compared to five years ago when they were rarely demanded. In the intermediate management level, professionals around 30 years old, with two to three years of experience, are also demanded.

## **3. HOW IS STRATEGY ELABORATED?**

### **3.1 In general terms**

The experience of the consultants also indicates that many strategic decisions continue the "Latino style", characterized by creativity and intuition. This rationality model is summarized in the expressions: "above all, the numbers are always cold". "One must never set aside his intuition", "although the data is worthy for discarding decisions,

however one must always leave the possibility open to intuition". The executives of the large firms justify the use of this model when the information that is disposed of is insufficient or the entrepreneurial objectives are ambiguous (Asenjo, 1995).

An example of this management model is the development of Banco Popular. It has achieved greater profits than other banks without using any clear competitive strategies and by being centered only in a conservative attitude. On the other hand, the exception that confirms the rule is the case of the Corte Ingles, which represents an example of planned and successful management.

The model presented by a researcher of the INSEAD (Schneider 1987) permits us characterize the different stages of the formulation of a strategy, establishing a comparison with the French model (see table 3).

-----insert Table 3 about here-----

Table 3 **COMPARISON WITH THE FRENCH MODEL**

### **3.2 Size influence of the firm**

The strategies of the Spanish firms, regardless of their sizes and in which industrial sector they operate, are faced with three significant restrictions: competitiveness, internationalization and innovation.

Their interest in competitiveness is evident and it is based on the community laws. The European Union has established as a high-priority objective industrial competitiveness, therefore it is hoped that Spain has to establish a policy directed to be adapted to this community objective.

As a result, the government has designed programs with measures of institutional character, commercial measures, financial measures, fiscal measures, informative measures, and measures of management; in order to recover the firms' competitiveness as a complement to the current exchange rate of money.

### **3.3 Internationalization**

The high priority objective of internationalization of Spanish firms, has been recognized as an unavoidable necessity in the middle and long runs. The reasons of this interest base, in which the domestic economic liberalization and participation in the European Union has permitted a greater access of foreign products in the domestic market.

It is estimated that to compensate the loss of the home market quota by the foreign competition, the firms should aim toward foreign markets. With that in mind, in April of

1994, the commerce authorities published a series of actions in support of Spanish firms expanding to foreign markets.

Analyzing the strategies of internationalization, we found that foreign investments in Spanish firms were still inferior to that of its international competitor firms.

In 92.6% of the Spanish SME there is no foreign investment, but in the large firms (with more than 500 employees) 57% have foreign involvement. In 82.7 % of these cases, this participation is the majority. The foreign capital is headed by Holland, France and then United Kingdom. Foreign capital comes to Spain through technology in a direct way, and preferentially chooses the industries. The lack of foreign interest in service sector (mainly hostelry), is explained by the conditions of the laboral system, the interest rates and the security system .

### 3.4 Concern for innovation

The concern for innovation recognizes the fact that the globalization of the world economy generates non differentiated products in the markets. It is difficult to compete in these markets for Spain because it operates from an industrialized economy with high profits as well as elevated costs.

As a solution it is thought that management technology is unthinkable to move to markets where the competition is not only price. Along with this interest, it is worth remembering that Spain is a late developing industrialization economy, within what some authors designate "a Southern European model" of economic development. For example, we should mention that Spain allocates less than 52% of the European average for resources for I &D.

In 1994, the Group of Entrepreneurs realized a study to find out how much the Spanish top management has progressed in the process of incorporating innovation into its management plan. The importance declared of the innovation topic in the design of its strategies is shown below.

-----insert Table 4 about here-----

Table 4 **THE IMPORTANCE DECLARED OF THE INNOVATION TOPIC**

Within internal reasons of the importance of innovating, 82 % responded "by basic strategy of the firm". As an external reason, 91 % answered "by demand of the clients and the pressure of the competition". Also economic reasons were expressed as well as the desire of maintaining or increasing the market quota (82 %).

It was also found that in 7 of every 10 firms that the innovation in processes is to reduce wage costs, and that 66 % mentioned their concern to reduce environment harm.

Analyzing these reasons, we can justly conclude that the targets of the innovation are merely conservative: to maintain the market quota and to reduce wage costs. "The search for new markets through internationalization" is only mentioned as only the last priority.

Also, it is found that in spite of recognizing that the sales of the large Spanish firms depend on the innovation, however there exists a gap between the recognized importance and the real behavior. Nine out of 10 assure that innovation is important or very important, but that their current annual expenditures in ID represent only 1.6 for 100 of the sales. Thirty percent of these firms do not dedicate anyone to innovation tasks and the average personnel allotment is 4 out of 100.

The inquiry shows that the industrial firms are more innovative than service firms. The subsidiaries of international firms play a more important role in product innovation than the firms of the public sector, the bank groups, and the large familiar groups. The sensibility to risk and the lack of proper financing are among the obstacles for innovation.

### **3.5 Past influence**

It should be recalled that during many years Spanish industry has been developed in an isolated context and in a social reality where security/uniformity over responsibility/risk is valued and where failure is stigmatized. As a consequence, the lack of large industry assumes with difficulty the risks associated with the firm. This all falls within a high financial risk with high expenses and periods of long investment recovery, lack of qualified people and great doubt about the duration of the innovation process.

These attitudes toward the risk and to the value of safety are reflected in management and control systems that are used in the firms. In Spain, the participative models are hardly present within the firms. Although some subsidiaries of multinational firms present organization charts, which indicate decentralization, in reality it is still thought that only the executives are authorized to think. The actual work behavior reinforces the concept that only the leader is the creator and promoter of ideas, and that the subordinates should be limited to perform duties.

The Spanish firms also are characterized by their short use of strategic plans for the medium and long runs because they do not dare to plan for a time span greater than a year (El Pais, 1995). In a recent investigation on the use of strategic plans (Rivera 1995), we found that only 20% of medium and large sized firms use an annual marketing plan, but with few written rules, some of them being inaccurate. In spite of being an action that is used regularly, 66% of the firms have knowledge of their activities and resources only within one month of anticipation.

A possible explanation to why the firms, in spite of not valuing strategic planning, produce good results is found in recourses slack: 89 % of executives work more than 8

hours a day, a great portion of this time being unpaid and consumed in coordination activities.

## 4 COMPARISON WITH OTHER COUNTRIES, PARTICULARLY WITH FRANCE

### 4.1 General comparison

It is important to refer once more to the "Leaders Without Frontiers"(7) model, which clearly shows schematically the contrasts which appear between the principal European countries. Of these, we have included Spain and France, along with Germany and England in order to place an international comparison of the first two (see table 5).

The principal differences that appear indicates that France, compared with Spain, it is much more submissive to the influence of the "North". This is also seen by the great number of gray squares, which show an intermediate position between the Anglo-Saxon culture and the Latin-European culture.

-----insert Table 5 about here-----

Table 5      **CONTRASTS BETWEEN THE PRINCIPAL EUROPEAN COUNTRIES**

Thus, Spain is polychrome (8) in its social organization as well as in its time management, while strong monochromatic trends are expressed increasingly in France. Spain stays as a conservative society, with strong cohesion but with weak social mobility, where the emotions are expressed freely.

The French society has suffered reform influences that began to permit a greater social mobility but which weaken its cohesion, while on the other hand the emotions are every time more repressed. The only great difference that is observed between the two cultures is the communication manner: implicit in Spain and explicit in France.

Another recent less important difference, and that obeys historical reasons, resides in the less centralization of Spain, which not only has not had a Colbert but furthermore in the last twenty years has had to grant wide autonomy to its regions.

Establishing a shallow comparison with England and Germany, the visual results are impressive. One must only compare the percentage of black squares in the right part of the table, in comparison with the percentage of white or gray squares in the left part.

The following explanation can be proposed in a general nature: for most of criteria, France has known an economic development more precocious and more important, it can appear as the Spain of tomorrow. This causes that the two countries are resembled

more than what may appear and that the internationalization of the businesses that is outlined in Spain brings important consequences on the domestic cultural evolution.

#### **4.1.2 The daily life of the firms**

The ever powerful principle of the French top management (PDG), that it does not need to consult its decisions, and that it still subsists in the French firms, is also found in the Spanish firms.

The different nuances that the Spanish management model presents are associated with the legal environment of the firms and with the specific historic and cultural characteristics of the executive.

The bureaucratic system in which the Spanish firm operates is the reflection of the professional training of its authorities: almost 80% of the politicians (from all the political parties) are licensed in law or come from public positions, but not from the industrial world or business world. Also, until the 1960's, not including Cataluña, Spain has bred a fundamentally agrarian and herder mentality, which explains that the industrial attitude and the management attitude may have been adopted recently and that the firm has hardly had a protagonist in economic discussions.

The Spanish management system is also influenced by the personal values of the managers. In a recent study on the influence of values in decisions and the process of decision-making of Spanish firms (Rivera 1995), we found that cultural influences exist on the evaluation of the environment and the decision-making process. Speaking independently of the sectors, values also play an important role in influencing organizational design, its environment as well as laboral motivation. Thus, the Spanish executive is able to handle stress well and quickly increase his effort involved to improve his performance.

The Spanish directors praise two types of value, those of personal esteem (to be respected, compliance of job duty, and self respect) and effectiveness (warm relations, amusement, and joy of living). As a curious fact, self-fulfillment appears to be located in this last group.

#### **4.1.3 Negotiation attitudes**

This observation is confirmed by a comparative study on the attitudes of negotiation that we present to continuation <sup>(9)</sup>. Concerning the large cultural differences, the comparison points out important divergences between France and Spain, which are evident thanks to

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<sup>(9)</sup> The results relating to France, the European Union, and Japan arise from the 1985 study of Weiss & Strip. The answers related to Spain are the result of an inquiry realized by Gérard Verna from a survey of a hundred students from the Instituto de la Empresa de Madrid MBA Program



the characteristics of two evenly different countries between them: the United States and the Japan <sup>(10)</sup>

-----insert Table 6 about here-----

Table 6 **NEGOTIATION ATTITUDES**

Thus, the privileged values of Spanish directors can influence the resistance to the organizational change, which has been detected in the majority of the firms. This resistance is explained by the people with high self esteem who tend to consider their opinion as valuable and worthy of receiving respect from others. Also, the high appraisal of these affection relationships guides to the fact that any change planned as well as punctuality are considered as limitations to the "joy of living".

If we had to make a comparison with the stereotypes that we have of other managers, where the Germans are "all rationality", the Americans are the most productive, the Japanese being most concerned about how their decisions affect the group; we could say that management system in Spain is conditioned by its lack of sense of punctuality and predictability.

This cultural problematic of the Spanish firms also can be shared in the opinions of the human resources managers (Saenz 1994). In an inquiry, it was found that the topics of concern to executives are: cultural and mentality problems, resistance to change, functional dispersion, communication problems and the bureaucracy that is found in the firms.

Evidently, if the privileged scale of values of the Spanish executives differs from the French executives, these differences will also be reflected in their management systems. Although, as Hofstede (1991) indicates, the Spanish managers, as well as the French, Brazilian, Swiss and Italian managers, belong to the Latino group, which is different from the Nordic, German and English.

#### **4.2 What European characteristics, different from the American model, are found in the Spanish model?**

In the American model, the exercise of the Authority is developed by Participative Leadership. In the adverse extreme is the Centralized Authority, where the executives are the leaders and those who make the decisions, trying to serve as models for the rest of the organization. The Centralized Authority is the leadership style most frequently found in Europe.

<sup>(10)</sup> The answers that appear with uppercase letters mean that the dimension is particularly strong for that country .

This principal characteristic of the European management style, in the Spanish firms, is manifested as an authoritative style, although sometimes it is disguised as participative. This style privileges the vertical relationships and it is inherited from the strong hierarchy of the European society, the one which comes from the Middle Ages. Its origins can be found in the organization of the Roman society and from the influence of the catholic church, which formed its organizational structure from the Roman army.

This inheritance leads us to believe that Europe is considered a slow and bureaucratic region in its actions, in comparison with the rest of the western world (Garriges 1994). It also makes us believe that the Spanish executives still have not realized the necessity of a change and that instead of assuming an entrepreneurial attitude, they develop a feeling of being victimized and leave the total responsibility of the entrepreneurial situation in the hands of the government.

Another characteristic which constitutes a large difference between the European and American models is the emphasis on planning. According to a study of 1036 European managers, the lack of punctuality is a common characteristic to most of the European managers (Burns, Myers, Kakabadse 1995). It can also be found frequently in the Spanish model.

## CONCLUSION

Finally, it is hoped that the conditions that the common market establishes initiate a change in the European management model to generate an increase in competitiveness against the other economic blocks. This model must possess a common ground of characteristics, but it will also need to show a cultural adaptability to the country in which the model is developed.

The design of a Spanish model will have to envision each day that Spanish businessmen resemble more and more the French businessmen, in which their firms are open to international competition and to the globalization of the economy. Furthermore, between a close collaboration already exists and that several French firms are found present in its country.

This similarity is increased because the Spanish firms, although with certain delay, continue a similar evolutionary process to the French: an evolution to modernization that is inspired at the same time in the dominant Anglo-Saxon model and in the traditional Latino values.

The national environment also it is very similar, both having high government taxes which finance the always present "Providential-State", a plethoric public function, and structurally unbalanced public enterprises.

The gap is, in the two cases, always larger between these state enterprises, the internationalized firms and a great number of small firms "crushed" between the first two groups. On the other hand, the efforts that the governments develop by seeking a harmonization of the status of the personnel, synonymous with social justice, are always found with strong resistances.

The existence of these three different groups of firms does not permit a homogenization of management styles, as to that which can be found with more frequency in the countries of North America and of Northern Europe.

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Table 1

**THE SIZE OF SPANISH FIRMS**

TYPES OF FIRMS BY NUMBER OF EMPLOYEES	INDUSTRIAL FIRMS	COMMERCIAL AND SERVICES FIRMS	TOTAL
With 1-5	10,8 %	77,8 %	88,6 %
With 6-20	2,6 %	5,5 %	8,1 %
With 20-49	0,9 %	1,3 %	2,2 %
With 50-99	0,3 %	0,3 %	0,6 %
With + of 100	0,48 %	0,02 %	0,5 %
TOTAL	15,08 %	84,92 %	100,0 %

Salvat, J., and Malagelada, J., 1994

Table 2

**THE GENERAL MODELS**

MANAGEMENT	ORGANIZATION	DIRECTION	FAMILY
Pragmatism	Precision	Hierarchy	Loyalty
Labor	Structure	Authority	Relations
Data	Theory	Concept	Tradition
Objectives	Rules	Directives	Advise
Responsibility	Expert	Chief	Father
Market	Machines	Pyramid	Clan

Table 3

## COMPARISON WITH THE FRENCH MODEL








	MODEL 1	Spain France	MODEL 2
1. Information search	active, concentrated systematic		passive, long not systematic
2. Sources of information	quantitative, objective		qualitative subjective
3. Interpretation	analytical		intuitive
4. Expression	personnel decision bureaucratic rules		consensus consensus
5. Priority	urgency certainty task to perform		less urgency less certainty individuals
6. General style	of top to bottom leaders' priority planning		of bottom to top consensus evolution
7. Cultural variables -control -incertitude -action -hierarchy -relations	high to reduce active strong priority to the task		low tolerance reactive weak priority to the individuals

Table 4 THE IMPORTANCE DECLARED OF THE INNOVATION TOPIC

SECTOR	Important	Fundamental
- Electronics and information	91 %	
- Material of transportation	56 %	
- Equipment and appliances electrical	56 %	
- Metallic industry	56 %	
- Nourishment and drinks		69 %
- Construction		60 %
- Commerce		60%

Table 5 CONTRASTS BETWEEN THE PRINCIPAL EUROPEAN COUNTRIES

	SPAIN	FRANCE	GERMANY	UNITED KINGDOM
Reasoning system inductive <input checked="" type="checkbox"/> deductive <input type="checkbox"/>				
Communication context implicit <input type="checkbox"/> explicit <input checked="" type="checkbox"/>				
Organization system polychrome <input type="checkbox"/> monochrome <input checked="" type="checkbox"/>				
Expression of emotions high <input checked="" type="checkbox"/> low <input type="checkbox"/>				
Dominant values work <input checked="" type="checkbox"/> quality of life <input type="checkbox"/>				
Dominant religion Protestant <input checked="" type="checkbox"/> Catholic <input type="checkbox"/>				
Orientation of values formal <input type="checkbox"/> informal <input checked="" type="checkbox"/>				
Attitudes toward time monochrome <input checked="" type="checkbox"/> polychrome <input type="checkbox"/>				
Attitudes to change conservative <input type="checkbox"/> reforming <input checked="" type="checkbox"/>				
Hierarchic distance high <input checked="" type="checkbox"/> low <input type="checkbox"/>				
Social cohesion high <input checked="" type="checkbox"/> low <input type="checkbox"/>				
Centralization high <input type="checkbox"/> low <input checked="" type="checkbox"/>				
Social mobility high <input checked="" type="checkbox"/> low <input type="checkbox"/>				
Juridical system written law <input type="checkbox"/> jurisprudence <input checked="" type="checkbox"/>				

Table 6

## NEGOTIATION ATTITUDES

1. The negotiation is lived as a conflict, a cooperation or a discussion?

USA	CONFLICT	cooperation	-
Japan	-	cooperation	-
France	conflict	cooperation	DISCUSSION
Spain	CONFLICT	cooperation	-

2. The election of negotiators is based on: their competence, their experience, their personal qualities, and their social status.

USA	COMPETENCE	experience	-	-
Japan	competence	-	status	-
France	competence	-	status	-
Spain	-	experience	STATUS	qualities

3. During the negotiation, the negotiators are concerned about all of the sources of negotiation, the establishment of a human relation, respect of the norms, and personal factors.

USA	sources	relation	-	-
Japan	sources	relation	personal	respect
France	sources	RELATION	personal	-
Spain	-	RELATION	PERSONAL	-

4. The negotiators tend to persuade their homologous using reasoning, experience, the dogmas respect, emotion or intuition.

USA	reasoning	EXPERIENCE	-	-
Japan	-	experience	emotion	intuition
France	REASONING	experience	-	-
Spain	reasoning	-	emotion	intuition

5. The negotiators trust past experience, the intuition or the existence of sanctions.

USA	experience	-	sanction
Japan	EXPERIENCE	intuition	-
France	experience	-	-
Spain	experience	intuition	-



6. The human relations between negotiators should be of formal or informal nature

USA	INFORMAL	France	formal
Japan	formal	Spain	formal

7. The complexity level of the communication, verbal or not, is:

USA	LOW	France	high/low
Japan	HIGH	Spain	high

8. The orientation of the discussions is individual or collective

USA	INDIVIDUAL	France	individual
Japan	COLLECTIVE	Spain	ind./coll.

9. The negotiators give a importance to the duration of the negotiation

USA	<u>GREAT</u>	France	great/few
Japan	few/great	Spain	FEW

10. The final decision is authoritative or concerted.

USA	authoritative	France	authoritative
Japan	CONCERTED	Spain	AUTHORITATIVE

11. The negotiators want a juridical and explicit final agreement or implicit and verbal final agreement.

USA	<u>EXPLICIT</u>	France	explicit
Japan	implicit	Spain	imp./exp.